

§ 1710.362

satisfactorily demonstrate to the Administrator an acceptable basis for doing so and can demonstrate that the loan will be feasible and secure pursuant to §§1710.112 and 1710.113, respectively, for the longer period. As used in this paragraph, renewable energy resource equipment and facilities are not considered a DSM purpose. Maturities for such loans will be limited to the expected useful life of the equipment and facilities.

§ 1710.362 Loan approval.

The amount and scope of loans approved by RUS under this subpart are subject to the discretion of RUS. Applications will be evaluated on the merits of the proposals as outlined in the plans specified in this subpart. RUS approval of a loan for purposes under this subpart and/or RUS approval of IRPs and DSM plans does not relieve a borrower of its responsibilities under this subpart or constitute a representation or warranty by RUS to the borrower or any person that its IRP or DSM plan will work as described therein.

§ 1710.363 Advance and documentation of use of loan funds.

(a) Loan funds for on-grid renewable energy systems will be advanced using the same procedure as loans for other electric system facilities.

(b) *Loan funds for DSM activities.* (1) Funds for these purposes shall be advanced and used only for the specific projects and purposes detailed in the loan application and supporting documents. Generally funds shall be drawn down on a reimbursement basis. The borrower shall certify completion of work according to the DSM plan.

(2) The borrower shall maintain accounting and plant records sufficient to document the cost and location of DSM activities and to support loan fund advances and disbursements.

(3) All cost associated with DSM projects related to construction, operations or maintenance, shall be accumulated using the borrower's work order procedure. An individual work order or work orders shall be used to record and control the costs of each DSM project. Daily time and material reports referenced to the DSM activity shall be kept to record labor and mate-

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rials used as the activity(ies) is completed.

(4) All other disbursements for DSM activities must be properly supported by invoices, contracts, or other forms of evidence required by RUS regulations. All such supporting material shall be available at the borrower's premises for review by the RUS Field Accountant, borrower's certified public accountant and other authorized parties as applicable. Costs of DSM activities related to operations and maintenance should be charged to expense in the month incurred. Departures from this prescribed accounting must be approved by RUS subject to the provisions of 7 CFR 1767.13.

(c) Requirements on advance of funds for all insured electric loans are in 7 CFR part 1721, subpart B.

§ 1710.364 Loan limits.

Cumulative loans DSM activities at the time of loan approval for, including energy conservation programs and off-grid renewable energy systems, shall not exceed the lesser of:

(a) Twenty percent of the borrower's equity at the time of the loan or any time during amortization of the loan; or

(b) An amount approved for such purposes in a final non-appealable order by the applicable regulatory body for inclusion in the borrower's rate base.

Subpart I—Application Requirements and Procedures for Insured and Guaranteed Loans

SOURCE: 60 FR 3731, Jan. 19, 1995, unless otherwise noted.

§ 1710.400 Initial contact.

(a) Loan applicants that do not have outstanding loans from RUS should write to the Rural Utilities Service Administration, United States Department of Agriculture, Washington, DC 20250-1500. A field or headquarters staff representative may be assigned by RUS to visit the applicant and discuss its financial needs and eligibility. Borrowers that have outstanding loans should contact their assigned RUS general field representative (GFR) or, in the case of a power supply borrower,